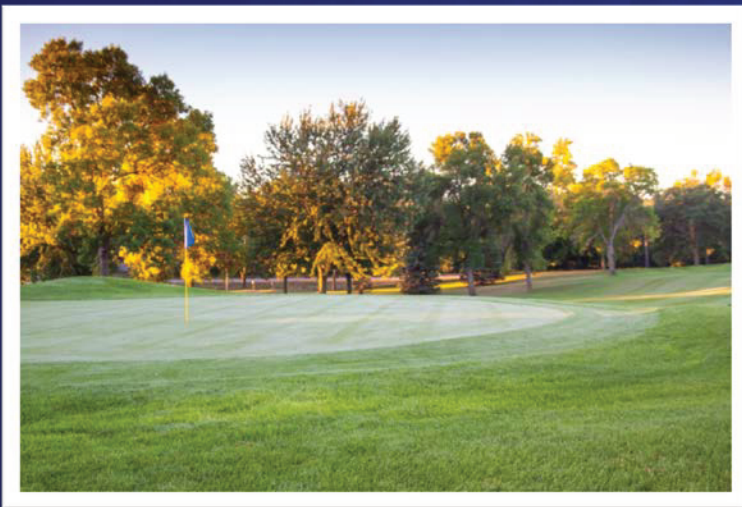
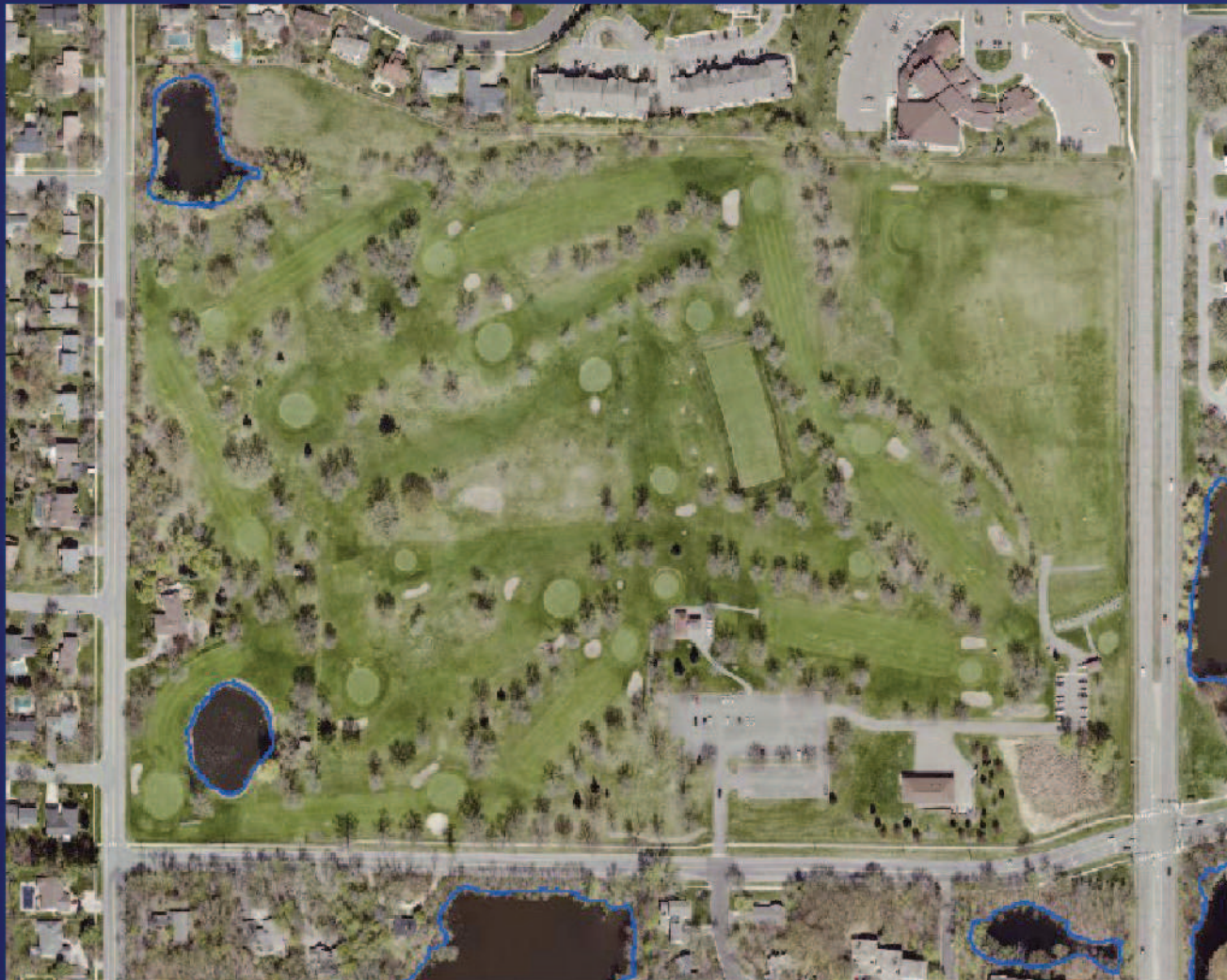


# Hyland Greens Golf and Learning Center Options



**City Council Study Meeting  
June 8, 2015**

# Hyland Greens



# Agenda



- Latest golf industry trends
- Hyland Greens' financials
- Five alternatives for Hyland Greens
- Discuss and select alternative(s) to pursue



# State of Golf



- Rounds of golf in U.S. down 1.4% in 2014.
- Rounds played per days open up almost 1% over 2013.
- 2014 had fewest days open in 9 years due to weather.
  - Precipitation above normal in 20 states.
- Average fee for 18-hole round of golf grew from \$25.19 in 2013 to \$25.35 in 2014.

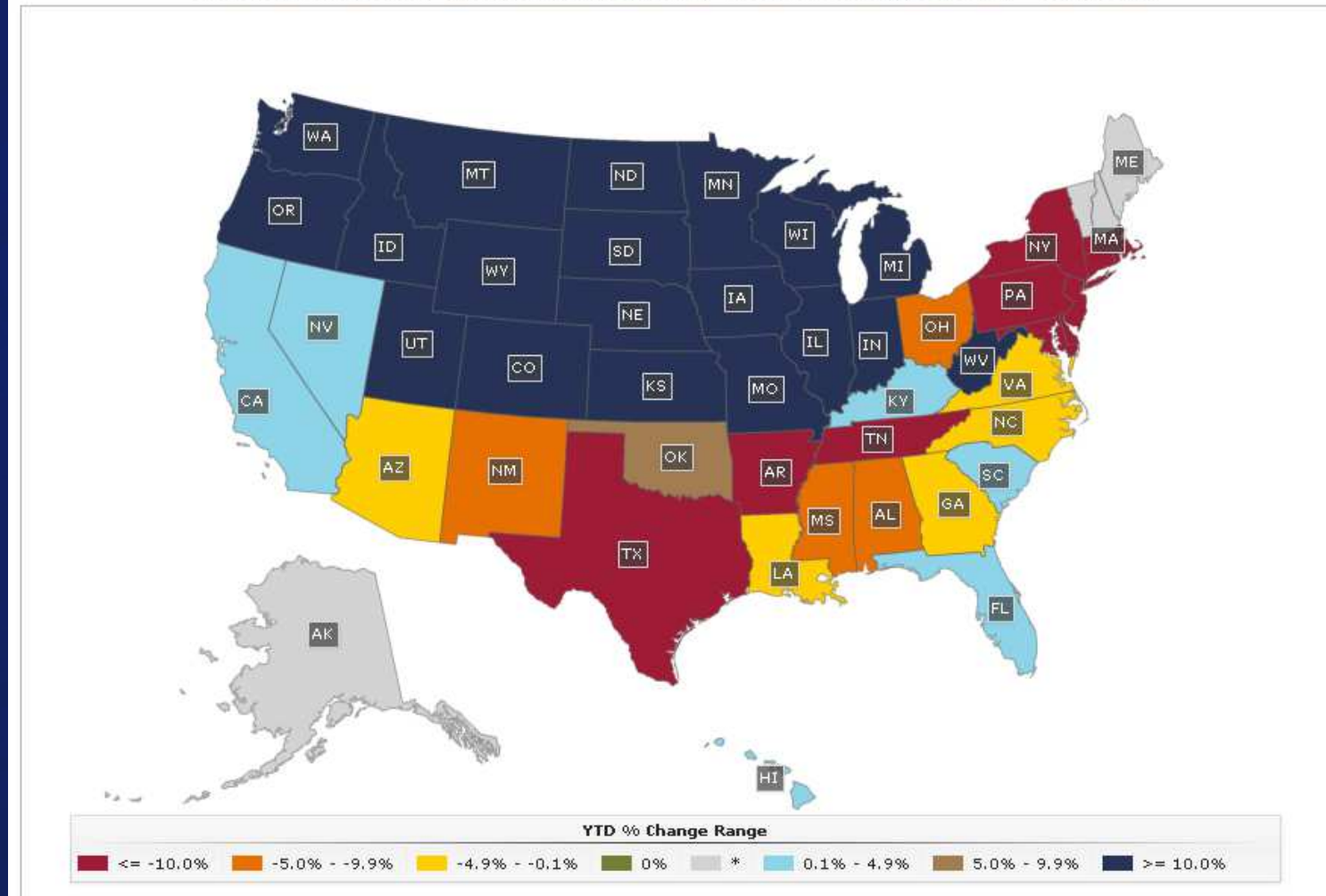
Source: PGA PerformanceTrack



# Rounds Played YTD

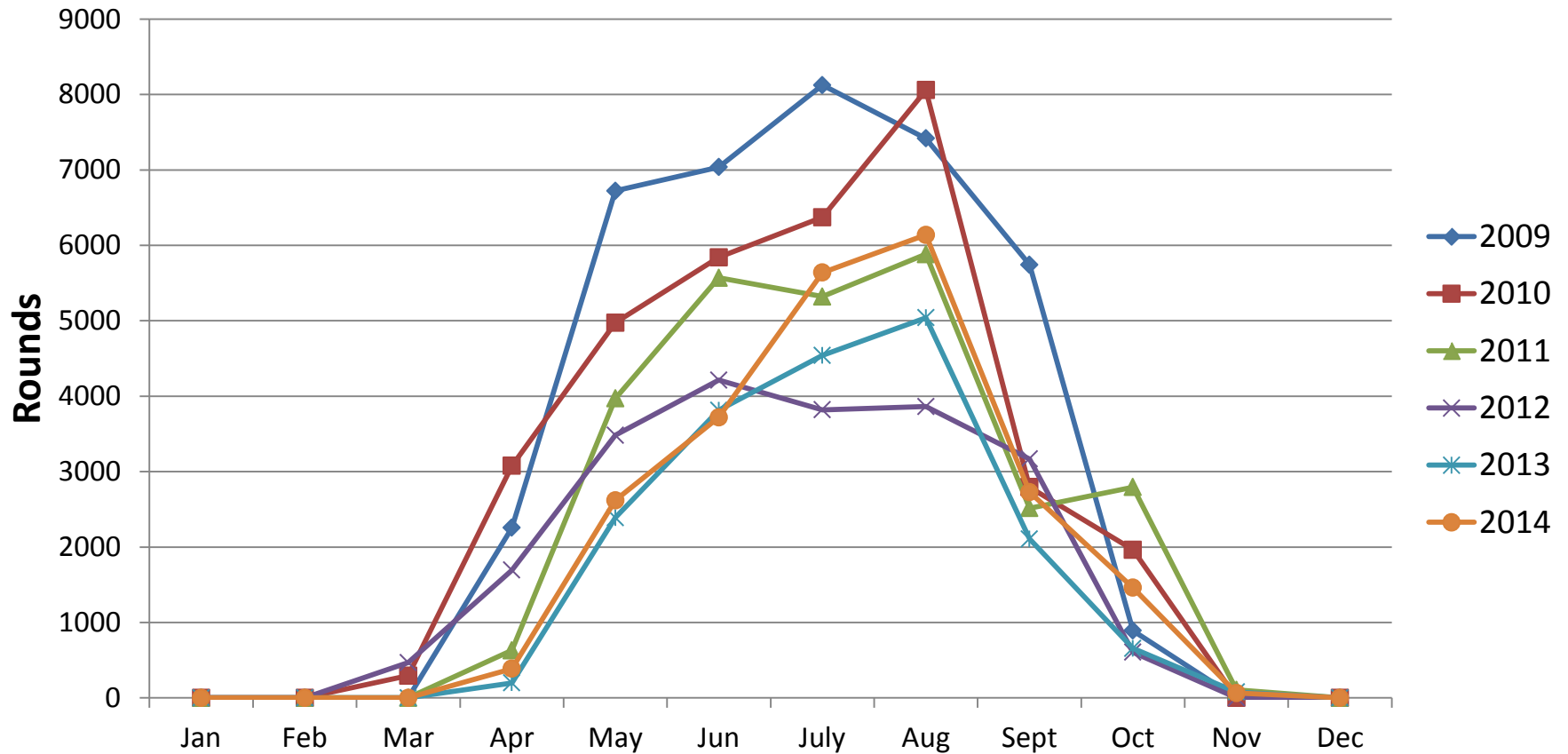
March 2015

PerformanceTrak: U.S. Map of Rounds Played Year-to-Date % Change by State - March 2015



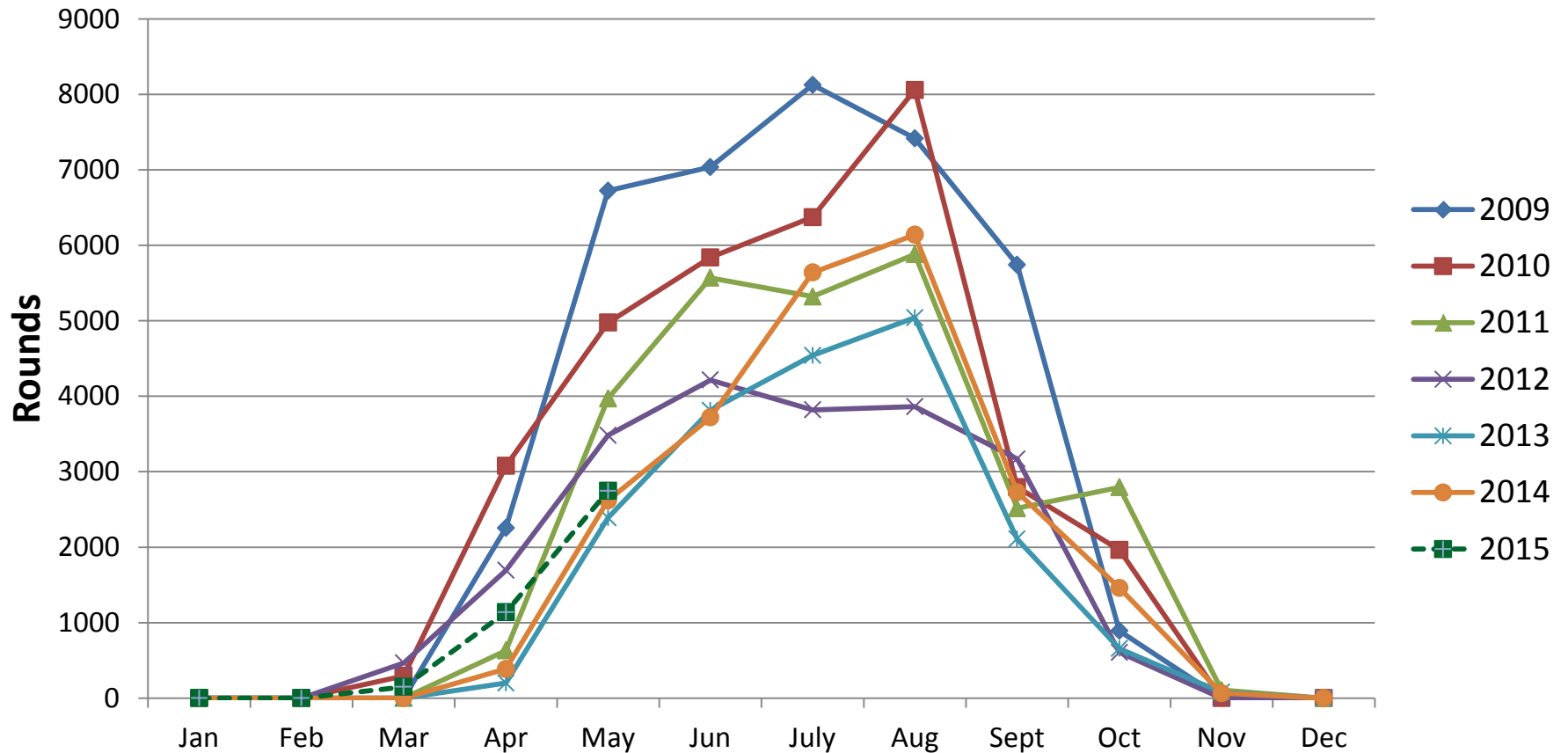
# Monthly Golf Rounds

## Hyland Greens



# Monthly Golf Rounds

## Hyland Greens





# State of Golf



- Municipal golf courses nationwide struggle to cash flow
- 157 U.S. golf courses closed in 2013
- Minnesota golf course closings:
  - Parkview Golf Course (Eagan) – 2013
  - Elm Creek Golf Course (Plymouth) – 2013
  - Red Oak Golf Course (Mound) – 2013
  - Lakeview Golf Course (Mound) – 2013
  - Fred Richards Golf Course (Edina) – 2014
  - Tartan Park (Lake Elmo) – 2015

# Hyland Greens

## Recent enhancements



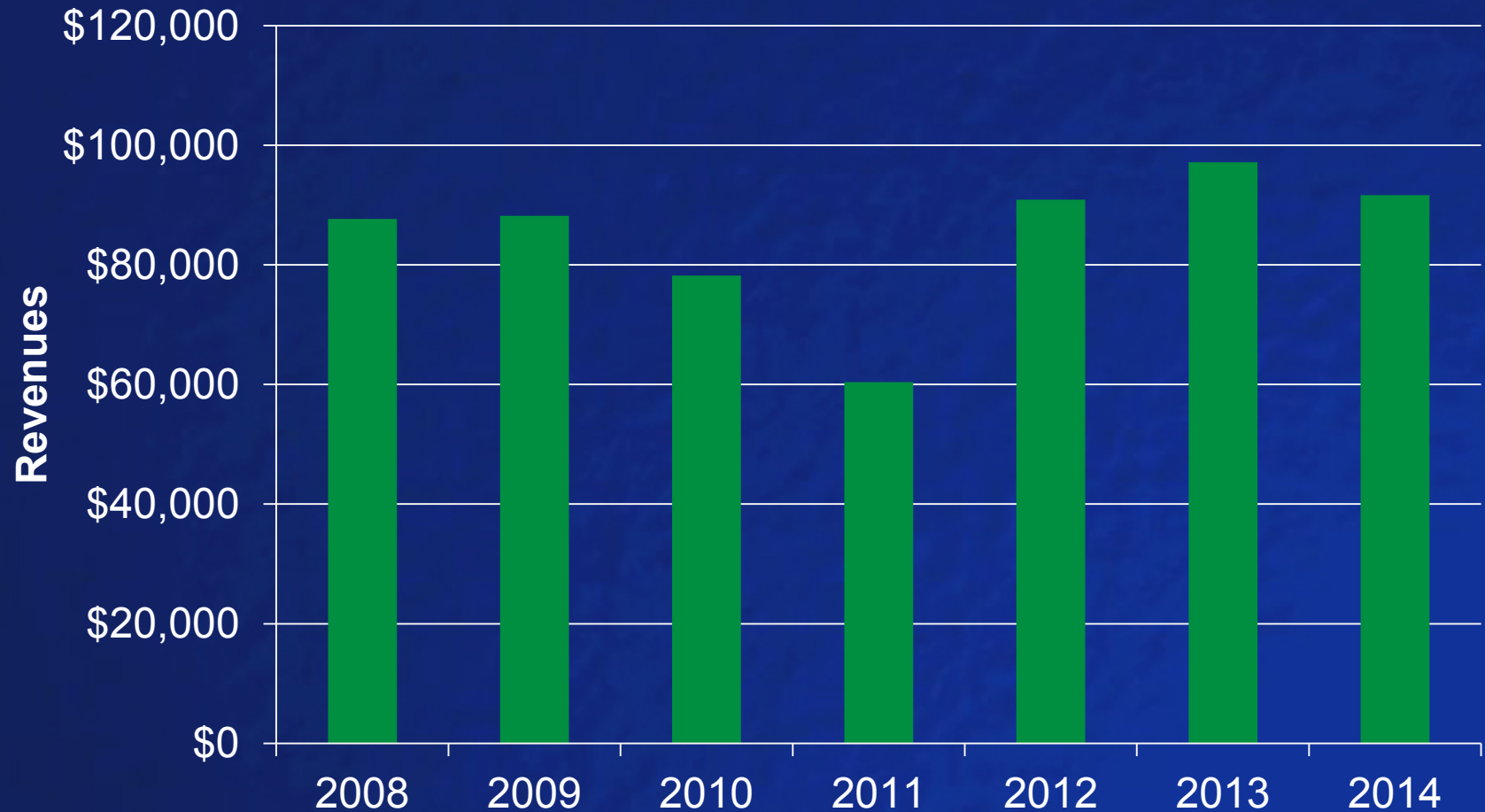
2011: 18-hole golf course converted to 9 holes.

2012: Expanded practice range opened in former Inside 9.



# Hyland Greens

## Driving Range





# Hyland Greens

## FootGolf

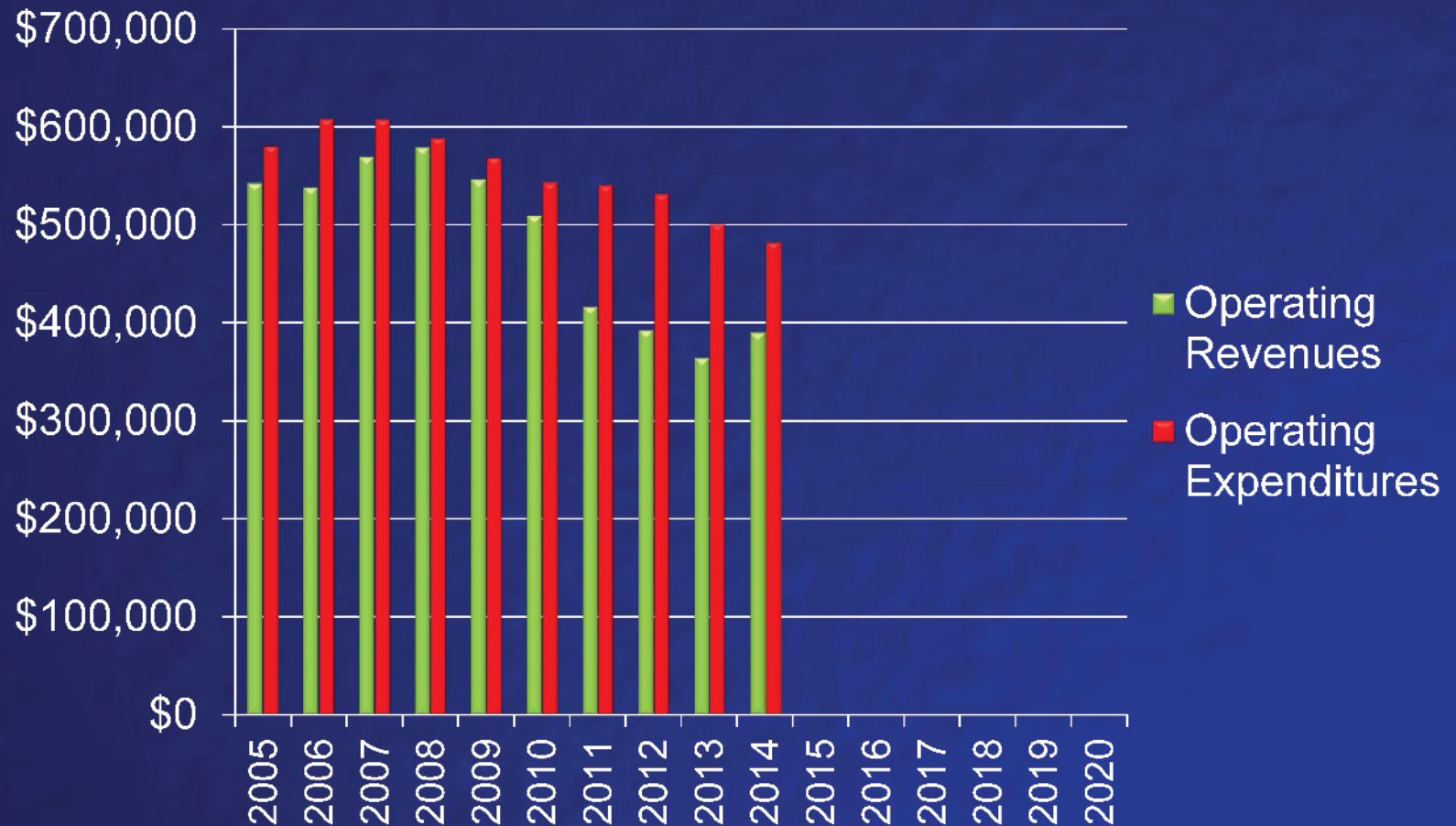


- Debuted on May 24, 2014.
- 2014 Total rounds: 7,749
- 2014 Total revenues: \$62,684
- 2015 YTD rounds: 577
- 2015 YTD revenues: \$6,122



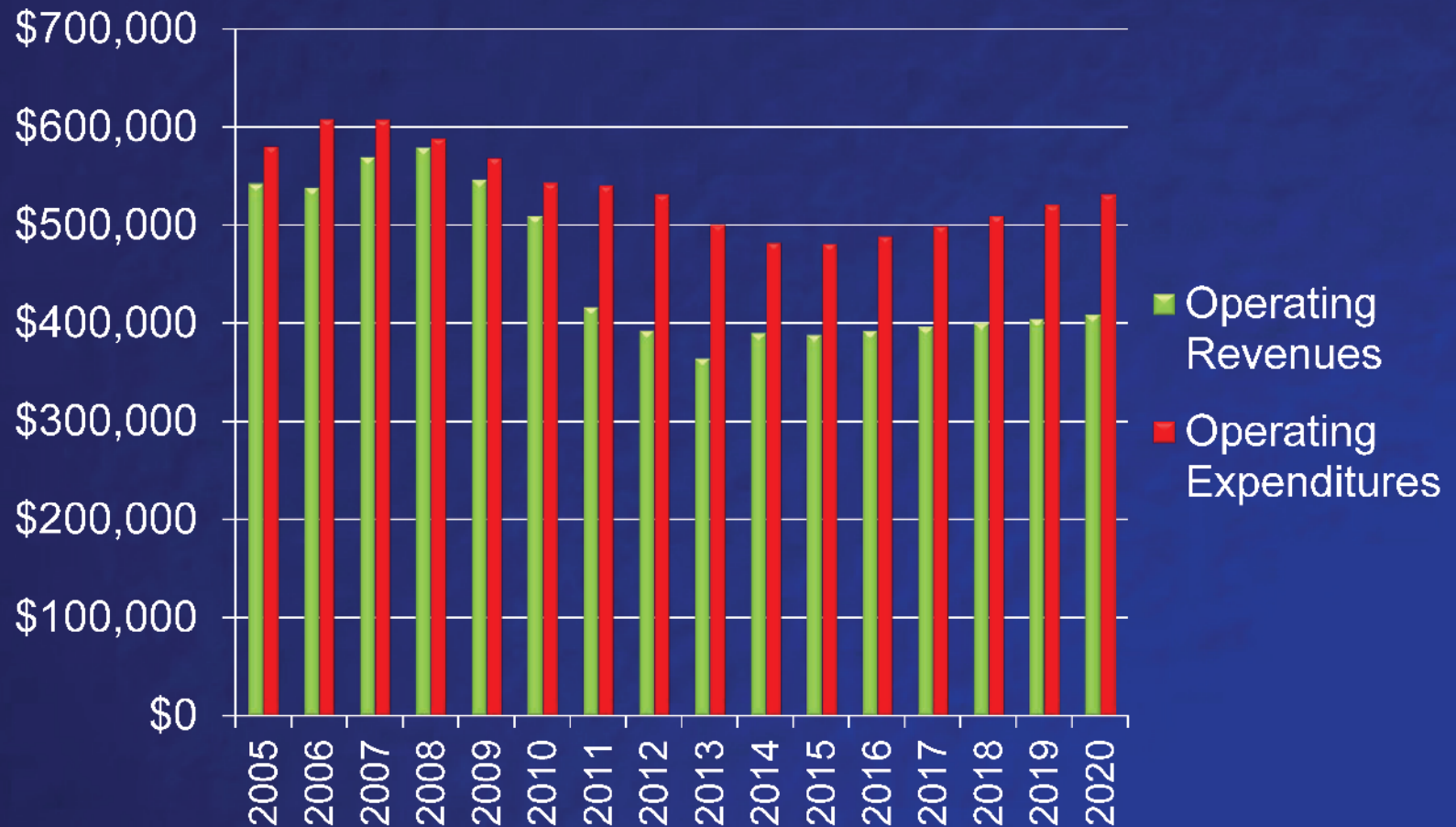
# Hyland Greens

## Operating Revenues vs. Operating Expenditures



# Hyland Greens

## Operating Revenues vs. Operating Expenditures





# City of Bloomington Vision



“To build and renew the community by providing services, promoting renewal and guiding growth in an even more sustainable, fiscally sound manner.”

# Parks and Recreation Goals



1. Be a **family-friendly community**.
2. **Maintain & enhance**  
City park & recreational  
assets
3. **Anticipate the needs of  
the changing community**  
and structure programs and facilities accordingly.
4. **Promote a sense of community** through  
recreation programming.



# Options



- Option #1: Continue as City-operated golf course
- Option #2: Convert to park
- Option #3: Sell for development
- Option #4: Private management
- Option #5: Partner on year-round golf facility



# Option 1

## Continue as City-operated golf course



### Pros

- Preserves golf course
  - Driving range
  - Foot golf
- Maintains programming for BAA and other users
- Preserves green space

### Cons

- Operating deficit could continue depending on weather and other factors
- Requires funding from the property tax levy
- Limited funds for capital improvements

# Golf Fund

## City of Bloomington

		2013	2014	2015	2016	2017	2018	2019	2020
DWAN									
Revenues		\$ 1,915,685	\$ 1,191,524	\$ 1,229,660	\$ 1,241,957	\$ 1,286,892	\$ 1,338,368	\$ 1,391,903	\$ 1,447,579
Tax support/Strat. Prior.			\$ 800,000		\$ -	\$ -	\$ -	\$ -	\$ -
Expenses		\$ 1,868,556	\$ 2,032,811	\$ 1,295,803	\$ 1,319,915	\$ 1,322,299	\$ 1,339,312	\$ 1,394,455	\$ 1,370,730
Net Gain (Loss)		\$ 47,129	\$ (41,287)	\$ (66,143)	\$ (77,958)	\$ (35,407)	\$ (944)	\$ (2,552)	\$ 76,849
Working Capital Balance		\$ 1,352,229	\$ 1,310,942	\$ 1,244,799	\$ 1,166,841	\$ 1,131,434	\$ 1,130,490	\$ 1,127,938	\$ 1,204,787
HYLAND									
Revenues		\$ 364,953	\$ 390,762	\$ 389,330	\$ 393,224	\$ 408,953	\$ 425,311	\$ 442,324	\$ 460,016
Tax support/Strat. Prior.					\$ 450,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Expenses		\$ 613,144	\$ 570,647	\$ 589,664	\$ 617,607	\$ 623,453	\$ 607,858	\$ 605,321	\$ 638,344
Net Gain (Loss)		\$ (248,191)	\$ (179,885)	\$ (200,334)	\$ 225,617	\$ 85,500	\$ 117,453	\$ 137,003	\$ 121,672
Working Capital Balance		\$ (830,866)	\$ (1,010,751)	\$ (1,211,085)	\$ (985,468)	\$ (899,968)	\$ (782,515)	\$ (645,512)	\$ (523,840)
GOLF									
Revenues		\$ 2,280,638	\$ 1,582,286	\$ 1,618,990	\$ 1,635,181	\$ 1,695,845	\$ 1,763,679	\$ 1,834,227	\$ 1,907,595
Tax Support/Strat. Prior.		\$ -	\$ 800,000	\$ -	\$ 450,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Expenses		\$ 2,481,700	\$ 2,603,458	\$ 1,885,467	\$ 1,937,522	\$ 1,945,752	\$ 1,947,170	\$ 1,999,776	\$ 2,009,074
Net Gain (Loss)		\$ (201,062)	\$ (221,172)	\$ (266,477)	\$ 147,659	\$ 50,093	\$ 116,509	\$ 134,451	\$ 198,521
Working Capital Balance		\$ 521,363	\$ 300,191	\$ 33,714	\$ 181,373	\$ 231,466	\$ 347,975	\$ 482,426	\$ 680,947

# Option 2

## Convert to park



### Pros

- Preserves green space
- Possible new activities
  - Cross country skiing
  - Trails
  - Dog park
  - Disc golf
  - Skate board park
- Serves variety of ages, abilities and interests

### Cons

- Maintenance and operating costs would be supported by property taxes
- Existing Internal Service Fund costs would need to be shifted to other funds
- Affects Dwan's budget
- Loss of ability to generate income
- Capital investment dollars required for any new activities
- Loss of recent capital investment



# Lehigh Acres Trailhead Park



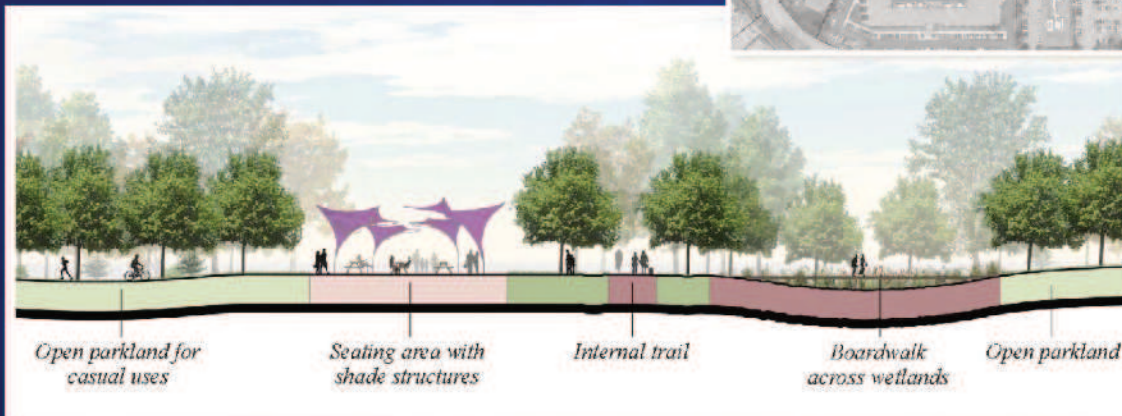


# Fred Richards Repurpose Project





# Fred Richards Repurpose Project



# Option 3

## Sell for development



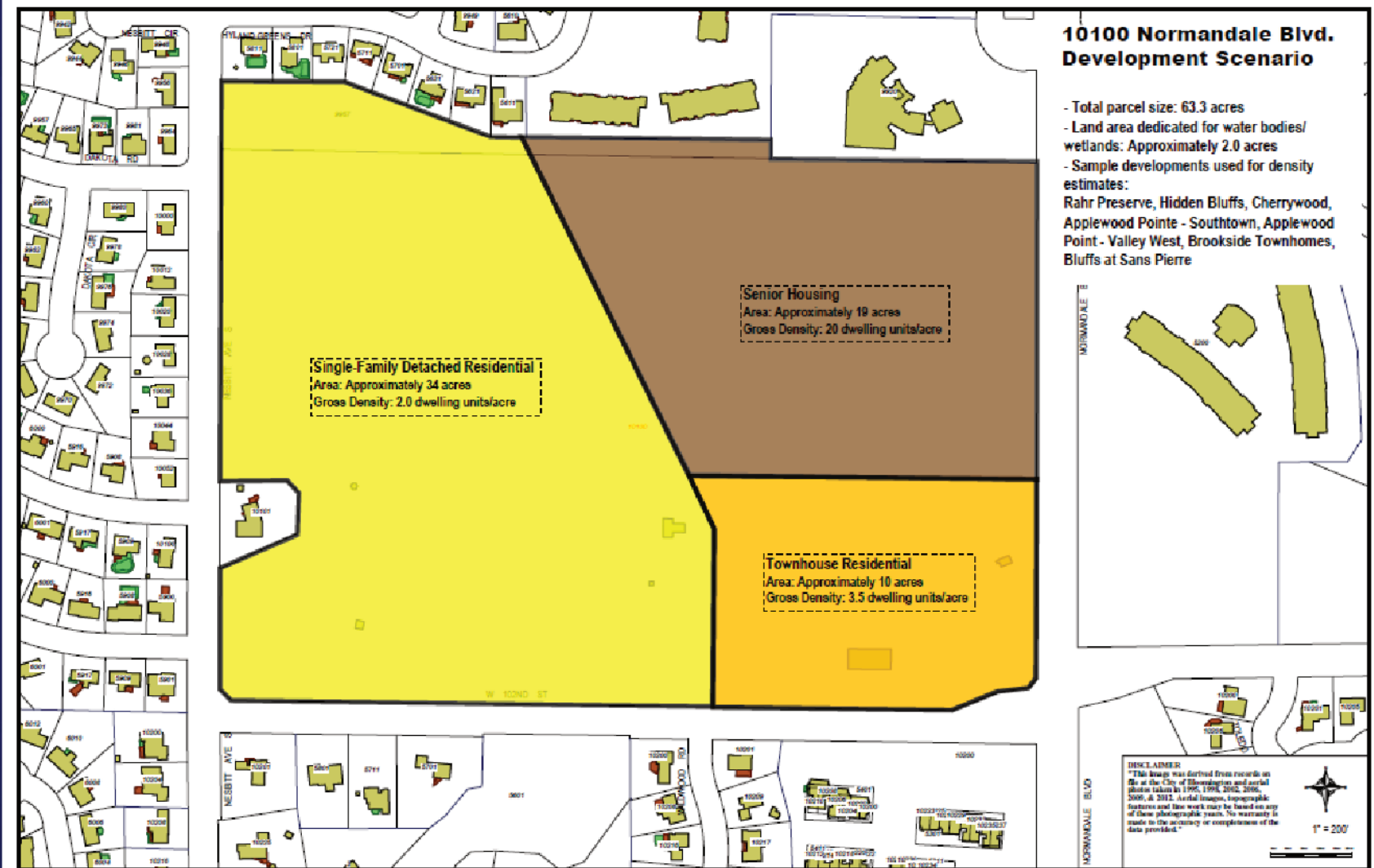
### Pros

- Eliminates annual operating deficit
- Generates cash infusion that could be used for other City initiatives
- Adds property to tax base

### Cons

- Potential for community opposition
- One-time cash infusion
- Loss of green space
- Loss of recreational asset
- Existing internal service fund costs would need to be shifted to other funds
- Affects Dwan's budget

# Draft development scenario





# Option 4

## Private management



### Pros

- Potential to eliminate operating deficit
- May generate revenues above a certain amount for the cost the City may pay to attract a management company
- Maintains recreational asset

### Cons

- Management fee
- Capital improvements likely would be responsibility of City
- Existing internal service fund costs would need to be shifted to other funds
- Impact on Dwan's budget
- Likely no management companies interested in par 3, 9-hole course with no banquet facility

# Option 5

## Partner on a year-round golf facility



### Pros

- Year-round programming
- Potential for positive cash flow
- Potential course improvements
- Marketing budget

### Cons

- No potential partner in the pipeline.
- Risk of the golf course and indoor facility coming back to the City
- Existing internal service fund costs would need to be shifted to other funds

# Option 5

## Partner on a year-round golf facility



# Options

	1. Continue as golf course	2. Convert to park	3. Sell property	4. Private management	5. Year-round facility
<b>Operational costs</b>	\$485,029	\$60,878	\$0	Management fee	Unknown
<b>Capital costs</b>	\$17,000	Depends on types of improvements	\$0	Capital improvements	Capital improvements + debt service
<b>Internal Service Fund charges</b>	\$87,635	\$87,635	\$87,635	\$87,635	\$87,635
<b>Total expenses</b>	\$589,664	\$148,513	\$87,635	\$87,635	\$87,635
<b>Total revenues</b>	\$389,330	\$0	\$10-\$12 million	Unknown	Unknown
<b>Benefits to City</b>	Preserves amenity and green space Maintains programming	Preserves green space Possible new activities	Adds to tax base Eliminates operating deficit Provides options for consideration of other amenities	Potentially eliminates operating deficit Preserves amenity	Year-round programming Potential course improvements Potential cash flow
<b>Risks to City</b>	Operating deficit could continue and grow. Dwan cannot sustain Hyland Greens' losses. Limited funds for capital improvements.	Maintenance and operating costs supported by property taxes.  Capital investment funds required for any improvements.	Potential for community opposition.  One-time cash infusion.  Loss of green space.  Loss of recreational asset.	Management fee.  Capital improvements would likely be responsibility of City.	Extent to which business can operate and pay debt service.  City owns the building if business fails.



# Discussion



1. Which option(s) do you want to pursue?
2. Do you want to undertake a community engagement process to help define Hyland Greens' future direction?